or it can be gradually taken away year after year.

Our goal then is health care security for all Americans. The only way to get there is to keep what's right with our system, the best medical care in the world, the best medical technology, the best medical professionals, and fix what's wrong.

We're going to protect quality and choice, but we're going to make some changes. We're going to simplify this system. We're going to get billions of dollars of savings. We're going to ask people who don't pay anything now to assume more responsibility for their own health care. That way we can give you health care security without a big tax increase.

In the weeks ahead, we'll be describing in greater details what needs to be done. But the most important thing is health security. We can do it.

Thanks for listening.

NOTE: The address was recorded at 5:21 p.m. on September 24 in the Roosevelt Room at the White House for broadcast at 10:06 a.m. on September 25.

Statement by the Press Secretary on the Situation in Somalia

September 25, 1993

The United States condemns the attack on United Nations forces in Mogadishu last night which resulted in the death of three American soldiers and injuries to several other American and Pakistani soldiers. The President offers his deepest condolences to the families and friends of these brave men who were performing a vital humanitarian mission in Somalia.

This attack underscores the need to reestablish security in Mogadishu to prevent the international humanitarian efforts from being undermined. At times like this, it is essential to remember the reasons for our engagement in the 25-nation U.N. mission in Somalia. The U.N.'s goal is to prevent the recurrence of the famine and anarchy that resulted in the deaths of 350,000 Somalis last year. We are working to create a peaceful environment in which the U.N.'s mission can be assumed by a Somali authority.

Since 28,000 U.S. troops went to Somalia last December, we have withdrawn 80 percent of our forces. Today, our troops number less than 5,000 and make up less than 20 percent of the remaining U.N. forces from over two dozen nations. As U.N. forces continue to take up the burden, the American role can continue to diminish.

Today, Somalia is on the road to recovery, especially outside of Mogadishu. District councils are reestablishing the rule of law in much of the country, hospitals and schools are operating, and crops are being planted and harvested. On Wednesday, the United Nations took important steps forward to support the reconstruction of Somalia's judicial, security, and penal systems.

We must not allow this substantial yet fragile progress to be threatened by the brutality of warlords who would profit from the suffering of others and thwart the will of the overwhelming majority of Somalis who seek peace and reconciliation.

Remarks and a Question-and-Answer Session on Health Care Reform in New York City

September 26, 1993

The President. Thank you very much, Mayor, and all my good friends in Queens. It's great to be back in this diner again. We had a terrific—was anybody here when I was here before? Well, Congressman Manton was, and Lowey was here, and you were here, and you were here when I was here before. We had a great time here. A lot of you were here. Didn't we, Antonio? We had a great time. And I felt so good about it, I brought you a cap from my food service. [*Laughter*] You can wear it here. There you go.

I came to this place during the primary as an example of a new small business and the kind of economic opportunity that I hope to support as President. In the last several months I've had the opportunity to work with the Members of Congress here present: Gary Ackerman, Tom Manton, Anita Lowey. Anybody else here from the House? I don't think

so. And we've done a lot of things that I think will help the economy. We have passed the biggest deficit reduction program in history. We have record-low interest rates. We have created some empowerment zones that will help some distressed areas of our biggest cities and some of our rural areas to generate new private sector investment like this. We are pushing through some banking reforms that will make available financial institutions whose primary mission is to loan money to new small businesses, like this one was just a year or so ago. We are trying, in other words, to help to create an economy which will be connected to the future, and which people who want to work hard can win.

We are revolutionizing a lot of the educational programs of the National Government. The student loan program has been completely rewritten to provide longer term, lower interest rate student loans on better repayment terms so that young people can pay them back as a percentage of their income, no matter how much they have to borrow. We passed a national service program to allow tens of thousands of our young people to work in community programs to pay off their college loans. So we are moving ahead to create tomorrow's economy and to try to help our people adjust to it.

But one of the things that I have learned—and the reason this health care debate is so important is that it is absolutely impossible to get people to have the courage to change unless first they can be secure in their own circumstances. If you think about it, every one of you in your own personal life know that is true. Look at any child you raise up. A child, if you want a child to change his or her behavior, to try something new, the more personally secure the child is, the more the child is willing to try to do something new and different, to believe that you can change and win. The more insecure people are, the more focused they are on just surviving from day to day, the more difficult that is.

The hard truth is that this country has seen a very long period of time, about 20 years, when most working people have gotten steadily more insecure. We have, according to your senior Senator Pat Moynihan, seen almost 30 years of steady deterioration in the supports the children have in their family units. And we are now facing a great challenge in this country: How can we get the security people need so that people will have the courage to change as we move to the 21st century?

I've really thought a lot about that. That's at the core of the crime bill that's been introduced into the Congress, which will provide 50,000 of the 100,000 more police officers I want to put on the streets—will pass at long last the Brady bill, very important in New York. The Mayor told me you confiscate thousands of weapons here every year and 90 percent of them come from another State. So we've got to pass the Brady bill. And I hope that before the year's out I will have a chance to vote on one of the number of bills in the Congress now which would ban assault weapons and take them out of the hands of teenagers in our cities and give us a chance to have a saner and safer place.

That's one part of this. I want to compliment Mayor Dinkins. His program will have increased the size of the New York City police force up about 20 percent when it is completed. And New York City is one of the few big cities in America which is reporting now, for 2 years in a row, a decline in all seven major categories of crime. That's something you can be proud of. Not very many cities have done it, and you should be proud of it.

If you want people to be more secure you have to support families. And we have to make it possible for people to succeed as workers and as parents, because most parents have to work. And we have waited too long in this country to do this. That was at the heart of our party's determination, to overcome the reluctance of the last 4 years and pass the family and medical leave bill.

I want to tell you a story. I got up this morning—and my mother spent the night with me in the White House last night, and so I got my mother and my daughter and my wife up and my stepfather, and we were all bustling around on Sunday morning. And then I went out for my morning run, and when I came back in I noticed in the bottom floor of the White House a family getting a personal tour on Sunday morning—the father, the mother, and three children—three

daughters, one of these young daughters desperately ill with cancer. And she had been in one of these Make a Wish programs and her wish was to come to the White House and see the President. So they brought her on Sunday morning so she could see the helicopter take off as I came up here. And I got to sit and visit with her a long time. But the father of that child looked at me and he said, "My daughter has been sick a long time. And I don't know what I would have done without the family and medical leave law. I still have a job because you passed that law. Don't let anybody ever tell you it was bad for the economy."

The Members of Congress here present voted for a bill to change the tax laws so that people who work with children on lower incomes, lower wages, will be lifted above the poverty line as they work and raise their children, so that the tax system won't tax people into poverty, it will lift them out of it—the most sweeping piece of economic reform in at least two decades. Not very much noticed, but you will see it in tens of thousands of people in Queens who in the coming year will get a reduction in their income tax bill because they work for modest wages and they have children in their homes. We've got to try to do that.

But here's why we came here today. If we do all of these things, and we don't fix the health care system, we will not restore security to American life. We won't be supporting families who are trying to raise their children or take care of their parents. And we won't give people the kind of inner strength and self-confidence they need to face a world that is smaller and smaller and smaller, to support expanded trade, to support new investments in new technologies, to support the kind of things I'm going to talk about at the United Nations tomorrow.

This health care issue is uniquely a deeply personal one for every individual and every family and a massive national issue for the United States. It is inconceivable that we spend 35 to 40 percent more of our income on health care than any other country and we still have 37 million people uninsured; that in any given 2-year period, one in four people will be without adequate insurance.

This morning I was out for my morning run. This handsome young man runs by me, he says, "Mr. President, do you mind if I run with you awhile?" And I told him, not if he would slow down, I didn't. So he turned around, we're running along together, and he was an actor there involved in a play. And he said, "My wife is expecting a baby, and we're going to have our first child in April. And I'm an actor. I work as hard as I can, but my work is not constant. And every year I am not sure whether I can have health insurance. You've got to pass this program." Just a guy running along The Mall, like a lot of these people who are going to talk to us today.

We received 700,000 letters, the First Lady and her task force and I. We're still getting about 10,000 letters a week on health care alone.

Let me say, I suppose most of you either saw the address I made to Congress or the Nightline show where I answered questions for so long that everybody who watched the whole program was sleepy the next day. But I want to just reiterate one or two things real quickly. First of all, the most important thing we can do with this health care system to fix it is to keep what's right, fix what's wrong, but guarantee the benefits of it to all Americans. We are the only major country in the world where people don't have the security of knowing that they have comprehensive health care that can't be taken away if you lose your job or someone in your family gets sick or something else happens. We have got to get that sense of security. We've got to fix what is wrong and keep what is right.

What's right about the system? High quality, consumer choice. Our plan keeps them both and, in fact, increases quality by providing preventive and primary services that will save money over the long run and improve the quality of health care and increases choice for most Americans who today increasingly have only one choice of how they get their health care.

What is wrong with the health care system? Well, it costs too much, it's too complicated, and it doesn't promote personal responsibility for every American. And it has no security. There is not a soul in this country

that can't lose his or her health care, nobody. So that's what is wrong with it.

Our system saves money without sacrificing quality, simplifies the system, which will elate the doctors and nurses and the people who have had to fool with it for years. We are now hiring clerical workers at 4 times the rate we are adding direct care providers in most hospitals in this country. It introduces more responsibility because it asks every employer and every employee to do what the vast majority of employers and employees are doing now, and it rewards good behavior. And finally, it provides security to everybody.

My dream is that before the Congress goes home, and after the finish of its business next year, it will pass a bill to give a security card like this to every American, so that no matter where you are and what happens to you, or whether you lose your job or whether someone in your family gets sick, you'll always be able to get health care.

Now, I know a lot of people are skeptical that this can be done. But I just ask you to remember a couple of basic facts: We are already spending 40 percent more than anybody else. We are spending at least 10 cents on the dollar in unnecessary nonhealth-related paperwork that no other country in the world is spending. Nobody. And if we have a system like the one we've outlined, that will provide discounts to small business and low-wage workers—so that a place like this, a great place, can provide some health insurance without running the risk of going broke because when businesses start and they have just a few employees, they can't all afford the market rate, and so we give them discounts to them—we can get this done.

I just don't believe that we have to go on for another year or 5 years or 10 years being the only nation in the world that can't figure out how to give health care to everybody. I don't believe that. And I don't think you believe that.

So today we're here in Queens to hear from some of the people who wrote us from New York. A lot of you wrote us letters, but I'm going to call on eight people—and get rid of this so we can just have a conversation—who represent what I think may be the four biggest obstacles to health care security, that cause people to lose their health insurance.

So we're going to first talk about the curse of preexisting conditions that you want health insurance. And the first person who's going to talk about the letter that she wrote to us is Linda Haftel. Where are you, Linda?

[*Ms. Haftel, who was recently diagnosed with multiple sclerosis, described her fear of losing her health insurance.*]

The President. Thank you. Let's give her a hand for doing that. It was great. [*Applause*] I wanted her to go first to make a point. First of all, a lot of people who have MS now, because of medication and because of rigorous exercise, are finding that they can maintain very high levels of mobility for much longer than was previously the case. So here she is, at the peak of her capacity to give to society, wondering if she has to lie to her insurer to keep her insurance, because again, this is the only country in the world where you can lose your insurance because you really need insurance.

So what we have to do is to change the rules of insurance to say that you cannot lose your policy because of preexisting conditions. To do that you have to make sure that insurers can't go broke, and the way you do that is to put us all in big pools called community rating, so that any person with a severe illness still adds a very small percentage to the overall cost of the operation. It's just something we've never done that we have to do.

I thank you. Marcia Calendar, where are you?

[*Ms. Calendar described the problems with the health care system that her family encountered when her son was diagnosed with a terminal illness. In spite of these problems, she and her husband decided to have another child, who was in the audience asleep.*]

The President. She's the smartest person here, she's sleeping. [*Laughter*]

[*Ms. Calendar recounted her family's financial difficulty prior to her son's death and expressed her wish for a health plan that ensured quality of life of all children.*]

The President. Thank you, and thank you for coming and for bringing your beautiful daughter. It is hard to say anything after that,

but let me just make one point that you might have missed in the heart-wrenching story of this family. When Matthew's father lost his job because of a layoff, that was the beginning of a lot of their problems with the health insurance company, if you remember the story that she told. If you go back to what I said when I first started talking about what a dynamic, changing time it is, and how people can't be expected to change if they don't have security—the average person is going to change jobs eight times in a lifetime now because of the way the economy is changing. And it is cruel, it is unconscionable that people who get caught up in the ordinary course of economic changes today, stuff we take for granted, would have to go through what they did solely because the health care system doesn't move with people from job to job, or from job to unemployment to job. It's just wrong. It is wrong because there is no comprehensive system to put prospective employers in the position of thinking that they can't hire somebody because they only have 10 employees or 15 employees, and that as a small business they can't afford to take on that risk, when most new jobs are being created by small businesses.

No one can ever stop the fact, that for reasons none of us understand, some children will be born with life-threatening and ultimately terminal illnesses. That happens, but no family should have their grief compounded and their economic misery reinforced by this kind of problem. The rest of us owe it to families like the Calendars to make sure that this does not happen anymore. Thank you.

Let's talk about what is the flip side of the preexisting conditions, where people use their health insurance, and that is they keep their health insurance at the cost of staying in a job whether they want to stay there or not. It's called the job lock syndrome. And we're going to hear first from Mary Jane Van Wick. Where are you, Mary Jane?

[*Ms. Van Wick explained that to cover ongoing costs associated with her liver transplant, she was forced to go on medical assistance.*]

The President. Now, there are literally tens of thousands, maybe more, people like Mary Jane in this country, who can get health care only if they're on public assistance and whose children have been not necessarily covered if they're on Medicare. Just think about that.

A lot of you have seen the story of a woman I met in Ohio who has become one of the spokespersons for our campaign, named Marie Castos, who had six children, was raising them alone, had a job making a very good income. The youngest child had a terminal illness, a terrible problem. She had to quit her job and go on Medicaid and become a welfare recipient—she had a very good job—not because she wanted a welfare check but just so her children would have some health care. Her youngest child died recently. And I just saw her; she came back to the White House to see me and she's one of our health care spokespersons. And she's looking forward to going back to work.

But she was so proud of being able to support those children alone. Why shouldn't this lady be able to work? Society is going to pay for her health care anyway, right? This is—it's bad for her. She's frustrated she can't work. It's also bad for the rest of you. If society is paying for her health care—if she works and makes a contribution to society, has an income and pays taxes, number one, her child gets health care coverage and, number two, she is repaying some of the costs of her own health care.

The system we have now, everybody loses. And she's more unhappy. This will also be fixed if you have universal coverage that moves from employment to unemployment to employment again, and which includes families as well as individual workers.

Where's Jean Townsend? You're next.

[*Ms. Townsend explained that because of cutbacks in her company, she no longer works enough hours to qualify for health insurance.*]

The President. Interestingly enough, as I'm sure all of you have noticed, in the economy around here—you see it all around the country—there are more and more part-time workers, more and more temporary workers, more and more special businesses whose whole job is to gather up folks who will work part-time and send them out to other employers. The big reason for this is the cost

of health care, which then the employer can avoid.

Under our plan, even part-time workers would be covered. But we would split the difference, so that if you're a part-time worker, your employer and the employee would have the responsibility of only paying a pro rata share of what the premium would be. And the Government would pick up the rest as they do for unemployed people, as if you were unemployed because you would be sometimes. So there would be discount, if you will.

But that way you wouldn't unduly burden businesses that honestly need part-time workers. There are a lot of businesses that can't operate really functionally because of the changing demands in the schedule unless they have some full-time workers and some part-time workers. But a lot of businesses are weighing more to part-time workers now solely to avoid the health care costs.

So what we would do is we would remove the incentive to hire part-time workers solely to avoid the health care costs. And for the businesses that really have to have some part-time workers—like a lot of restaurants, for example, really need both full-time and part-time workers. It's not an attempt to avoid anything, it's just the way the workload changes.

So under our system we would be fair to those folks by saying you don't have to pay the whole cost of the premium. That's not fair; the person's not there all the time. You share it, and we'll give you a discount and then the Government will pick up the rest as if the person were unemployed. Or if a person has multiple employers, then they would all make a little contribution, as long as the part-time worker does 10 hours a week or more. I think that is a fair resolution of the problem.

Let's talk now about the fear of losing insurance related to the rising cost of it. Where is Josephine Angevine?

[*Ms. Angevine explained that her salary was frozen because her employer, a small business, covered the full cost of her health insurance premiums, which would be over $12,000 after the latest rate increase.*]

The President. For you and——

Ms. Angevine. And my son.

The President. Just for two of you.

[*Ms. Angevine worried about losing her job as well as her health insurance due to this astronomical cost.*]

The President. It takes your breath away, doesn't it? Let me make just a couple of observations about her situation. Part of it is common to millions of people in businesses large and small; part of it is—her problem—is unique to small businesses.

You heard her say she hasn't had a pay raise in 3 years. There are millions of American workers who haven't had a pay raise in 3 years because of the cost of health insurance. And it is estimated that if we don't do something to bring health care costs closer to inflation, between now and the end of the decade, most of what otherwise would have gone to pay workers' pay increases will go solely to pay for more health care costs, and not for new benefits—more health care costs for the same health care.

Now, that is something that is sweeping the country. Her premium, however, is unusual. You heard her—on a $52,000 salary with a $12,000 premium, that means she's paying over 20 percent of payroll and more than her mortgage payment.

So under our plan, we would begin with everybody at 7.9 percent of payroll for employers and a fifth of that at the most for employees. If employers want to cover their employees, they can, but it would cut that cost in half. Why? Because she's got a small business with five employees. They're probably in a very small pool with somewhere between 50 and 200 people. And under our plan she would go into a pool with other small businesses, with self-employed people. There might be 200,000 in that buying group, which would give you the economies of scale that other people have. This is unconscionable, and it's solely a function of the size of the business.

And I'll bet you anything—I haven't seen the benefit package, but I'll bet you anything it's not as good as the one that will be in the national health plan—certainly not better.

But the real problem here—this small business thing is a big deal. If we don't pro-

vide discounts for very small businesses and get all small businesses in big pools, you will see that small business will continue to have a bigger and bigger gap between their premiums and big business premiums. Right now, small business premiums are between 20 and 50 percent higher than big business premiums on average and are going up at more than twice the rate of big business premiums. And yet what we want to do is encourage people who get laid off or who get restructured or the airline industries or whatever to go out and work in or start up small businesses. So that if you look at what's going to happen in the next 10 years, a higher and higher and higher percentage of Americans will be working in smaller companies.

That is another reason we've got to do this health insurance thing now, because we cannot stop the trend of big companies toward downsizing and we don't want to stop this trend of people starting small businesses.

I am very glad you are here because even though your circumstance is somewhat extreme in terms of percentage of your payroll, it is not unusual in the kind of problem you have, and we've got to stop it.

Where is Mark Fish?

[*Mr. Fish explained that he and his wife are self-employed and the cost of their health insurance is exorbitant.*]

The President. What's your deductible?

Mr. Fish. It's $1,000, but it is spread out over 2 years since our medical bills are in 1993 and 1994.

By the way, I would like to tell you that I am a registered Republican who voted for you, and I think you are doing a great job.

The President. Thank you. Your problem is similar to hers. And if I were guessing, I would guess, since you're self-employed and she is in a small business and you both have family coverage for one child, but your premium is over $8,500 and hers is $12,000, my guess is, whoever your insurer is has done a better job of getting you in slightly bigger group than she has so you can spread risk.

Let me tell you, now, I've hesitated to say this in the past because, even though our books are out and have been published, what our family premium winds up being to start—this health insurance program—depends in part on what the ultimate package of benefits are. But I think I can say roughly that a family package which would be the same price starting out for everybody, whether they were self-employed or not, would be about at least $4,000 cheaper than you're paying.

And again, all that we would do is—I'd have to see the deductibles and the co-pays, but you'd save about $4,000 which means yours could go down about $8,000 to get a very good package of preventive and primary and comprehensive benefits.

How could we do that? Because we have the most expensive insurance system in the world. No other country has got 1,500 insurance companies writing thousands of different policies, imposing literally tens of billions of dollars in paperwork benefits, and putting people in such small groups that company really could go broke with one bad illness. So we're first going to have to force people to rate everybody the same in a broad community basis and put people into big pools, so if something happens, God forbid, to you or someone in your family, you won't bankrupt your insurance carrier because you'll be in a big pool, not a little pool.

But now, if you were working for a company with 5,000 employees, you could get the coverage you've got now for $4,000 a year less today, maybe even less than that given what they're covering. In addition to that, if you're self-employed, today, as you know, your policy is only 25 percent deductible. Under our plan it would be 100 percent deductible for both you and your wife, which would make a big difference. So it will help.

Now I want to talk a little bit about the criteria by which insurers make these decisions. Where is Susan Berardo?

[*Ms. Berardo described her problem with insurance coverage for a bone marrow transplant.*]

The President. This raises a very important point. If you've read your health insurance policies, for those of you who have them, you know that they cover certain problems. They do not prescribe procedures. For example, if the health insurance policy covers pregnancy-related services, it doesn't tell you that you can—it doesn't weigh whether you

can have natural childbirth with Lamaze, but you can't have a C-section if you need it, right? It doesn't say that. It doesn't say what things will happen; it just says this issue is covered, this problem is covered.

So that this lady's care is covered under her health insurance policy, but the insurance company has decided that this procedure, bone marrow transplant, shouldn't be covered even though it doesn't say that in the policy, right? It didn't say in the policy, bone marrow transplants aren't covered, did it? They decide if it's experimental.

Now, just so you don't think—I know what a lot of you must be thinking, ''Well, it's probably more expensive than a regular operation.'' The answer to that is, in this case it probably is. But if it works, it will cost the economy a lot less money over the long run in the health care system. But just so you don't think it always applies only to more expensive procedures, I talked to a doctor just 3 days ago who talked to me about some new gall bladder technique that's done almost like arthroscopic surgery on knees which is much less expensive and is also being denied by some health insurance companies, even though the policy doesn't say so, on the theory that it's experimental, too. So that in effect, doctors are not free to practice medicine and let their patients make informed choices about what is best for their health care because of conditions not written in the insurance policy, except a general ''well, if we think something is experimental, we don't have to let you do it.'' Big problem.

Where is Ewen Gillies? Did I pronounce your name right?

[*Mr. Gillies described his problem in obtaining payment from his insurance company for his wife's intensive cancer treatment.*]

The President. Give him a hand.

Mr. Gillies. May I add one postscript? A copy of the letter went to Senator Moynihan, among other people. And unasked, he got in touch with Blue Cross, who called me and said, ''We're reviewing this,'' and 2 weeks later reimbursed us for $60,000 by placing it in a different category. [*Applause*]

The President. Let me say, first of all, what you said is a great tribute to Senator Moynihan but a pretty terrible indictment of the system, right? I must say, I'm trying to fix it so you don't have to call the White House or your Senator or your Congressman or your mayor or a Governor or anybody else to make this work. I think you've said it all in your remarks. I'm glad you're here.

How about anybody else in here? We've got some other people who wrote letters to us. Yes, ma'am.

[*A participant discussed her concern that the new health care plan will not cover persons with the genetic disorder ectodermal dysplasia or other severe dental disorders.*]

The President. You're right, I didn't know anything about that. I never heard of the condition before. And I will take it back and discuss it with our people. If you have something for me, I'll be glad to have it. The plan does cover in general dental benefits for children up to age 18 from the beginning.

[*A participant described his problem with increased insurance costs attributed to community rating requirements.*]

The President. Who is covered under your policy? You and your wife and one child. How old are you? For a family of three at your age, a community rating bill should not have raised your insurance premiums.

But let me just say this. This is the hazard. You are going to hear all of this debate when we go along. I don't want to, again, sort of prefigure the congressional debate, but you'll hear a lot of people say, well, let's just do this little part of this, or let's do that or the other thing. The problem is if you go to community rating, you also have to allow people who run accounting firms, who are self-employed, to be in very large pools so that you have a representative community in the pool. And you also have to allow them to buy their services in some sort of competitive way so you can have the leverage there of the large pool.

I hope you will all remember that when you hear this debate, when people say, well, let's do all this stuff, but don't really require universal coverage. If you don't do that, you'll have the same sort of cost shifting, the same sort of people falling through the cracks, the same sort of escalating costs you've got now, I think. I can't imagine how we could do it

otherwise. And so, I appreciate what you said.

[*A Medicare recipient asked about medication coverage under the new health care plan.*]

The President. First, let me try to explain what he just said for those of you who don't understand it. If you're elderly and poor enough to be on Medicaid, that is if your income and resources are quite low, you today get drug coverage, you get medication. If you're $1 above the Medicaid line and you're on Medicare and you're elderly, you get no help for medication.

You heard this gentleman say he has a $5,000 annual bill. Let me say, if he did not take those drugs—let's say he stopped taking those drugs—he might be in the hospital 2 weeks a year extra immediately, which would cost a whole lot more than $5,000, which would be completely reimbursed by the Government.

You have all these people like him in this country today, a lot of people I have personally met, who are literally making a decision every week between buying medicine and buying food because they are just above that Medicaid line. And if they chose to buy food and get off their medicine and got real sick and went to the hospital, Medicare would pay for all of it, at a far greater expense.

So, therefore, I think it is very important to cover medicine. The answer to your question is, the medical coverage will be treated more or less as a separate benefit, and in that medical coverage there will be a deductible of about $250 and then a co-pay of approximately in the range of $10. But that's a lot better than $5,000.

Thank you.

[*A participant asked how the new health care plan will reduce hospital and health care costs.*]

The President. There are two ways, even in a State with heavily regulated hospital costs, there are two or three ways that I think it will come down. First of all, one of the things that we've learned is: In a system, if you just regulate the price of something but you don't manage the system, what happens is that people, in order to avoid having their incomes go down, increase the supply. If you lower the price, you increase the supply, you get the same income. That's a serious problem with Medicare and Medicaid all across the country.

Secondly, New York, for example, has been the beneficiary of a program called the disproportionate share. We give back to the hospitals that have very high percentages of low income people, because we have so many people who are charity cases who have to be given some care for which there is no reimbursement. The hospitals basically shift and the insurance companies shift those costs to people who are paying higher hospital bills or higher insurance premiums.

If you stop the cost shifting, and the only way to do that is to have universal coverage, then for a lot of the people who have—I'll give you an example. The best example I can think of is a big company, let's say General Motors or IBM. They may have very high insurance premiums with very good benefits, but their insurance premiums are higher than they otherwise would be because they're paying for the cost shifting. And then a small operation like this lady's operation, her insurance premiums are very high in part because she's taken out insurance, so even she or even this family with their $8,000 premium, a portion of their premium is going to pay for people who get uncompensated care.

Everybody in this country gets some care sometime. If you get real sick, you show up at the emergency room. It's more expensive, it costs enormously, and then they have to recover the costs. So that will happen.

Another thing is that even in New York or New Jersey, States that have very good cost controls, or Maryland, the State with probably the best cost controls, even in those States if you look at what's happened to the manpower, health care is always going to be very labor-intensive. But in the last 12 years almost—not almost all but 80 percent of the new hires in health care have been to push paper, have been to deal with regulation, have been to deal with—the average hospital of any size will have 300 different insurers and hundreds and hundreds of different forms. And under our system if you go to one form for insurers, one form for the doctor basically, a standard care form, one form

for the consumers, you will drastically cut the time and money allocated to the administrative costs of medicine.

The average doctor—let me just give you one figure; this is a stunning thing—in 1980, the average doctor took home 75 cents of every dollar that came into a medical clinic. In 1990 the average doctor took home 52 cents of every dollar that came into a medical clinic; 23 cents, boom. Where did it go? A couple of cents went to malpractice; 90 percent of it plus went to increasing costs of administering the system.

And again, you may say this is impossible to believe. The New England Journal of Medicine did a profile of two hospitals in the last couple of years—same size hospitals, same occupancy rate, one in Canada, one in the U.S., exact same size. In the U.S. there were 220 people in the billing department; in Canada there were 6. And most of them were working to fill out American insurance forms. I mean, that's a lot—there is an enormous amount of money.

One other thing: You find within States, even with all the price controls, you find from State to State there are massive differences in the cost of caring for people on Medicare and Medicaid with the same conditions. And within States that don't have specific unit controls, there are massive differences. You know, the Pennsylvania example I cited the other night on television said that open heart surgery varied in cost between $21,000 and $84,000 with exactly the same outcomes on the study. So those are the things we're going to work through.

The money has to be going somewhere. If we're spending 14.5 percent of our income on health care—Canada's at 10 percent, Germany and Japan are under 9 percent, nobody else is over 9 percent but Canada—the nickel on the dollar is somewhere. And it's not all in higher quality health care. An enormous amount of it is in a system that is wrongly organized with too much cost shifting and a dime on the dollar, I will say again, a dime on the dollar in administrative costs no other comprehensive system in the world has.

[*At this point, a participant complained about the inadequacy of Medicaid coverage.*]

The President. We've run a little longer than I thought we were going to, but I'm glad actually we got this question, even though I've got to stop now, because his is a very important thing.

Enrollment by physicians in the Medicaid program is totally voluntary, and a lot of doctors won't treat Medicaid patients, by and large because in most States they are reimbursed at below the cost of service but the cost of dealing with the paperwork of the program is greater even than some of the insurance company paperwork, so it is a bigger hassle for a lower return. A lot of people don't do it.

One of the important aspects of the health care plan that we have presented is that people on Medicaid would be treated just like everybody else and would be mixed in with everybody else in these big groups. So if you got a security card, you'd have it whether you were an employee of a big company or a self-employed person or someone on Medicaid, and you would be involved in one of these big care networks which would give you the bargaining power to get the highest quality care you can at the most reasonable price.

Again, this is largely the way it is done in several other countries, especially in Germany, and it works pretty well. There is no reason we should have a separate Government system which then the providers can elect to participate in or not. Under this system, if it were in existence when you had your situation, it would have been totally immaterial whether you were on Medicaid or not because you would have the same reimbursement, the same paperwork coming from the same source. As a matter of fact, depending on how they set it up, the physicians and the hospitals might not even have known you were a Medicaid patient because the Government funds will go to the health care unit you would be a part of, and they would pay the bill.

Let me talk about the freedom of choice issue very briefly. First of all, I want to say something I don't think is clear to everybody. If we pass this program—and for all the people who have better benefits, like for anybody who is in a work unit where the employer is paying 100 percent of the premium, the employer can go right on paying it. In other

words, this does not require anybody—what we try to do is set some floors on coverage not ceilings. So if an employer wants to continue to pay 100 percent of the premium and have fee-for-service medicine and let people choose their doctor, they can all do that under this system. They can go right on doing that. As a matter of fact, if anything, it will be easier for them to do it. If we can lower the medical rate of inflation closer to the regular rate of inflation, it will be easier for them to do it because their premiums won't go up as much.

But under this system, people who don't have choices now will be guaranteed them. And let me explain why. Most employees in the employer-based health system we have now are losing their choices every year as the employers try to better manage the exploding cost of health care. For example, about 10 years ago 47 percent of the employees in an employer-financed health care system had some choices of plans. Now, it's down to about one in three.

So under our plan every employee would have three options with comprehensive benefits. One, you could join an HMO. And on today's facts, it would probably be the least expensive, that is, for you. And your employer pays a flat amount regardless. If you did that, you would pay a certain amount every year and then you would get those comprehensive services, but you would deal with the doctors in the HMO unless you needed a specialty help that was from a doctor not in the HMO.

Second option is, you get a lot of doctors together and they form something called a preferred provider organization. I have a friend who is a doctor in Nevada, who is in a PPO with 700 doctors—lots of choice. And they have kept their prices in the range of 2 to 3 percent up or down in the last 5 years. So big choice, big quality, low price increase.

The third option is fee-for-service medicine, which from today's facts would be more expensive, but it would be your choice and still much less. Again, 63 percent of the people in this country with health insurance would pay the same or less for the same or better coverage, if you did that. I think even that will go down in price because of the incentives in our plan to enable doctors to get together, even on a fee-for-service basis, and compete for this business.

But most Americans would have more choices than they have now under this plan. Americans who have more choices than the minimums in this plan could keep them. But there's a limit to what could be taken away. You listened to all these people talk today, you know, a lot of this stuff can be taken away from you that you think you have. All that we're doing is limiting what can be taken away.

Thank you very much. This has been great. I appreciate it.

NOTE: The President spoke at 12:17 p.m. at the Future Diner in Queens. A tape was not available for verification of the content of these remarks.

Remarks at a Fundraiser for Mayor David Dinkins in New York City

September 26, 1993

The President. Mr. Mayor, Mrs. Dinkins, Senator Moynihan, Governor and Mrs. Cuomo, distinguished leaders of this magnificent city, other distinguished head table guests. You know, when I do a speech, because sometimes, as you will remember, I'm a little long-winded—[*laughter*]—my acute advisers always say, ''Now, Mr. President, imagine what you want the headline to be.'' What is the headline? I think I've already heard the headline. The headline is the Mayor would very much like to have his job for 4 more years, and we ought to give it to him.

I always love to come to New York, but I certainly would have come here tonight just to listen to my Senate Finance Committee chair and your brilliant Governor and the Mayor give these speeches. And now I feel like I did the night I gave my first speech in public life, in January 1977, at the Pine Bluff Rotary banquet. It started at 6:30 p.m. There were 500 people there. Everybody in the whole place was introduced except three people; they went home mad. Kind of like Dave did. And I got introduced at a quarter to 10 p.m. And the guy that was introducing me was the only person in the crowd more